

STATEMENT UNDER 37 CFR 3.73(b)

Applicant/Patent Owner: Richard J. Harp

Application No./Patent No.: 10/675,068 Filed/Issue Date: September 29, 2003

Entitled: RECIPROCATING SURGICAL FILE

SURGITECH, LLC, a Delaware, LLC
(Name of Assignee) (Type of Assignee, e.g., corporation, partnership, university, government agency, etc.)

states that it is:

1. ☒ the assignee of the entire right, title, and interest; or
2. ☐ an assignee of less than the entire right, title and interest
(The extent (by percentage) of its ownership interest is _____%)

in the patent application/patent identified above by virtue of either:

- A. ☐ An assignment from the inventor(s) of the patent application/patent identified above. The assignment was recorded in the United States Patent and Trademark Office at Reel _____, Frame _____, or for which a copy thereof is attached.

OR

- B. ☒ A chain of title from the inventor(s), of the patent application/patent identified above, to the current assignee as follows:

1. From: Richard J. Harp To: Surgifile, Inc.
The document was recorded in the United States Patent and Trademark Office at Reel 01828, Frame 0886, or for which a copy thereof is attached.
2. From: Surgifile, Inc. To: Surgitech, LLC
The document was recorded in the United States Patent and Trademark Office at Reel _____, Frame _____, or for which a copy thereof is attached.
3. From: _____ To: _____
The document was recorded in the United States Patent and Trademark Office at Reel _____, Frame _____, or for which a copy thereof is attached.

☐ Additional documents in the chain of title are listed on a supplemental sheet.

- ☒ As required by 37 CFR 3.73(b)(1)(i), the documentary evidence of the chain of title from the original owner to the assignee was, or concurrently is being, submitted for recordation pursuant to 37 CFR 3.11.

[NOTE: A separate copy (i.e., a true copy of the original assignment document(s)) must be submitted to Assignment Division in accordance with 37 CFR Part 3, to record the assignment in the records of the USPTO. See MPEP 302.08]

The undersigned (whose title is supplied below) is authorized to act on behalf of the assignee.

Glen L. Nuttall Signature 5/5/08 Date
Attorney of Record Printed or Typed Name (949) 760-0404 Telephone Number

Title

This collection of information is required by 37 CFR 3.73(b). The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.11 and 1.14. This collection is estimated to take 12 minutes to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

If you need assistance in completing the form, call 1-800-PTO-9199 and select option 2.

Privacy Act Statement

The Privacy Act of 1974 (P.L. 93-579) requires that you be given certain information in connection with your submission of the attached form related to a patent application or patent. Accordingly, pursuant to the requirements of the Act, please be advised that: (1) the general authority for the collection of this information is 35 U.S.C. 2(b)(2); (2) furnishing of the information solicited is voluntary; and (3) the principal purpose for which the information is used by the U.S. Patent and Trademark Office is to process and/or examine your submission related to a patent application or patent. If you do not furnish the requested information, the U.S. Patent and Trademark Office may not be able to process and/or examine your submission, which may result in termination of proceedings or abandonment of the application or expiration of the patent.

The information provided by you in this form will be subject to the following routine uses:

1. The information on this form will be treated confidentially to the extent allowed under the Freedom of Information Act (5 U.S.C. 552) and the Privacy Act (5 U.S.C. 552a). Records from this system of records may be disclosed to the Department of Justice to determine whether disclosure of these records is required by the Freedom of Information Act.
2. A record from this system of records may be disclosed, as a routine use, in the course of presenting evidence to a court, magistrate, or administrative tribunal, including disclosures to opposing counsel in the course of settlement negotiations.
3. A record in this system of records may be disclosed, as a routine use, to a Member of Congress submitting a request involving an individual, to whom the record pertains, when the individual has requested assistance from the Member with respect to the subject matter of the record.
4. A record in this system of records may be disclosed, as a routine use, to a contractor of the Agency having need for the information in order to perform a contract. Recipients of information shall be required to comply with the requirements of the Privacy Act of 1974, as amended, pursuant to 5 U.S.C. 552a(m).
5. A record related to an International Application filed under the Patent Cooperation Treaty in this system of records may be disclosed, as a routine use, to the International Bureau of the World Intellectual Property Organization, pursuant to the Patent Cooperation Treaty.
6. A record in this system of records may be disclosed, as a routine use, to another federal agency for purposes of National Security review (35 U.S.C. 181) and for review pursuant to the Atomic Energy Act (42 U.S.C. 218(c)).
7. A record from this system of records may be disclosed, as a routine use, to the Administrator, General Services, or his/her designee, during an inspection of records conducted by GSA as part of that agency's responsibility to recommend improvements in records management practices and programs, under authority of 44 U.S.C. 2904 and 2906. Such disclosure shall be made in accordance with the GSA regulations governing inspection of records for this purpose, and any other relevant (i.e., GSA or Commerce) directive. Such disclosure shall not be used to make determinations about individuals.
8. A record from this system of records may be disclosed, as a routine use, to the public after either publication of the application pursuant to 35 U.S.C. 122(b) or issuance of a patent pursuant to 35 U.S.C. 151. Further, a record may be disclosed, subject to the limitations of 37 CFR 1.14, as a routine use, to the public if the record was filed in an application which became abandoned or in which the proceedings were terminated and which application is referenced by either a published application, an application open to public inspection or an issued patent.
9. A record from this system of records may be disclosed, as a routine use, to a Federal, State, or local law enforcement agency, if the USPTO becomes aware of a violation or potential violation of law or regulation.

CSD 1001A [11/15/04]

Name, Address, Telephone No. & I.D. No.

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Attorneys for Richard M Kipperman, Trustee



Order Entered on
September 21, 2007
by Clerk U.S. Bankruptcy Court
Southern District of California

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
325 West "F" Street, San Diego, California 92101-6991

In Re

SURGIFILE, INC., a California corporation,

Debtor.

BANKRUPTCY NO. 06-03702-PB11

Date of Hearing: September 13, 2007

Time of Hearing: 2:30 p.m.

Judge: Peter W. Bowie

ORDER AFTER HEARING GRANTING TRUSTEE'S MOTION FOR AN ORDER AUTHORIZING, UNDER 11 U.S.C. §363, THE SALE, SUBJECT TO OVERBID, OF SUBSTANTIALLY ALL ASSETS OF THE ESTATE, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS

IT IS ORDERED THAT the relief sought as set forth on the continuation pages attached and numbered two (2) through 29 with exhibits, if any, for a total of 29 pages, is granted. Motion Docket Entry No. 106

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DATED: **September 20, 2007**

Signature by the attorney constitutes a certification under Fed. I relief granted by the court.

Submitted by:
FINANCIAL LAW GROUP

/s/Leslie T. Gladstone
LESLIE T. GLADSTONE, ESQ.,



Judge, United States Bankruptcy Court

DEBTOR(S): SURGIFILE, INC., a California Corporation

CASE NO: 06-03702-PB11

ORDER AFTER HEARING GRANTING TRUSTEE'S MOTION FOR AN ORDER AUTHORIZING, UNDER 11 U.S.C. §363, THE SALE, SUBJECT TO OVERBID, OF SUBSTANTIALLY ALL ASSETS OF THE ESTATE, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS

The Trustee's Motion for an Order Authorizing, Under 11 U.S.C. 363, the Sale, Subject to Overbid, of Substantially All Assets of the Estate, Free and Clear Of All Liens, Claims, Encumbrances and other Interests (the "Motion"), came on regularly for hearing on the above date and time, the Honorable Peter W. Bowie, United States Bankruptcy Judge, presiding. Appearances were made by Leslie T. Gladstone, Financial Law Group, Attorney for Richard M Kipperman, Chapter 11 Trustee, Elizabeth Mitchell, Solomon Ward Seidenwurm & Smith, Attorneys for the Official Committee of Unsecured Creditors, Michael Goode, Attorney for Primary Bidder Christopher Scangas, Martin A Eliopoulos, Higgs, Fletcher & Mack LLP, Attorney for Overbidder Anthony Yeung, MD and Mary Testerman, Office of the United States Trustee. The Trustee was present and Overbidder Anthony Yeung, MD participated by telephone.

The Court has considered the Motion, the submitted overbids, the statements of counsel at the hearing, and the entire record available at the hearing. It appearing that proper notice was given and good cause existing therefor,

IT IS HEREBY ORDERED as follows:

1. The Motion is granted in its entirety.
2. Anthony Yeung, MD ("Yeung") is the successful bidder and is authorized to purchase the Assets¹, for a Purchase Price of One Million Two Hundred and Five Thousand Dollars (\$1,205,000.00).
3. The Overbid Asset Purchase Agreement ("Agreement") attached as Exhibit 1 hereto, is approved in its entirety. As provided for in paragraph 4.1 of the Agreement, Yeung has formed SurgiTech, LLC a Delaware limited liability company and SurgiTech, LLC will be the buyer under the Agreement ("Buyer"). The Trustee is authorized and directed to enter into the Agreement with Buyer, and consummate the transactions contemplated by the Agreement and to take any and all actions necessary or appropriate in connection therewith.
4. The Trustee's consummation of the sale of Assets is subject to Buyer's satisfaction of the following conditions:
a) on or before the close of business on eleven days after entry of this Order, the Buyer must pay the balance of the Purchase Price, One Million and Five Thousand Dollars (\$1,005,000.00).
5. If Buyer fails to pay the balance of the Purchase Price when due, the Trustee may retain the \$200,000 deposit paid by Buyer, and/or may compel performance of the Agreement.
6. Christopher Scangas (the "Backup Buyer") is the successful backup bidder and is authorized to purchase the Assets for a Purchase Price of One Million Two Hundred Thousand Dollars (\$1,200,000.00), in the event the Agreement with Buyer is terminated. A copy of the Backup Purchase Agreement is attached hereto as Exhibit 2. The Backup Purchase Agreement is approved in its entirety. Upon payment of the balance of the Purchase Price by Buyer, the Trustee is authorized to pay the Seventy Five Thousand Dollar (\$75,000.00) break up fee to Backup up Buyer. In the event the Agreement is terminated and the Assets are sold to the Backup Buyer, all referenced in the balance of this order to Buyer and Agreement shall instead mean Backup Buyer and Backup Asset Purchase Agreement, respectively.
7. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, the sale, transfer and conveyance of the Assets (as defined in the Agreement) pursuant to the Agreement and this Order are free and clear of all liens, claims, encumbrances and other interests. Any liens shall attach to the proceeds of the sale, and shall have the same validity, scope, priority and perfection that they had with respect to the Assets prior to sale.
8. The provisions of this Order authorizing the sale of Assets free and clear of liens, claims, encumbrances and other interests shall be self-executing, and neither the Trustee nor the Buyer shall be required to execute or file releases, termination statements, or other instruments in order to effectuate the transfer of the Assets free and clear of such liens, claims, encumbrances or other interests.
9. All persons or entities holding any such lien, claim, encumbrance or other interest with respect to the Assets are hereby barred from asserting them against Buyer, its successors or assigns or the Assets.

¹Capitalized terms not otherwise defined shall have the meanings assigned in the Agreement attached as Exhibit "1."

DEBTOR(S): SURGIFILE, INC., a California Corporation

CASE NO: 06-03702-PB11

ORDER AFTER HEARING GRANTING TRUSTEE'S MOTION FOR AN ORDER AUTHORIZING, UNDER 11 U.S.C. §363, THE SALE, SUBJECT TO OVERBID, OF SUBSTANTIALLY ALL ASSETS OF THE ESTATE, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS

10. The provisions of this Order shall be binding upon all persons and entities that were mailed a copy of the notice of the Motion or received actual or constructive notice thereof in accordance with applicable law, and shall also be binding upon the Trustee, the Debtor, the Debtor's estate, the Buyer, its successors and assigns, and all creditors and parties in interest in this chapter 11 case.
11. This Court retains jurisdiction to implement and enforce the terms of the sale and this Order and to hear any dispute, claim or action that may arise in connection with the implementation of the sale.
12. The Buyer is granted the protection provided to a "good faith" purchaser under section 363(m) of the Bankruptcy Code.

IT IS SO ORDERED.

EXHIBIT 1

OVERBID ASSET PURCHASE AGREEMENT
dated as of
September 13, 2007
by and between
SurgiTech, LLC, a Delaware Limited Liability Company.
and
Estate of SurgiFile, Inc., by Richard M Kipperman, Trustee

Signed by Judge Peter W. Bowie September 20, 2007

OVERBID ASSET PURCHASE AGREEMENT

This OVERBID ASSET PURCHASE AGREEMENT ("**Agreement**") is made and entered into as of September 13, 2007 by and between SurgiTech, LLC, a Delaware Limited Liability Company, as assignee of Anthony Yeung, M.D. ("**Buyer**") and the Estate of SurgiFile, Inc., a California corporation, by Richard M Kipperman, solely as Trustee ("**Seller** or **Trustee**").

WHEREAS, on November 28, 2006 (the "**Petition Date**"), SurgiFile, Inc. ("**SurgiFile**") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") with the Bankruptcy Court.

WHEREAS, SurgiFile was formed in 2002 to develop and license, or sell, the rights to a surgical instrument it invented called the surgifile. This conceptual invention was designed to enable doctors to perform back surgeries that are currently difficult or impossible.

WHEREAS, Seller desires to provide for the claims for its creditors and provide the best possible return for shareholders of SurgiFile.

WHEREAS, Seller has entered into an Asset Purchase Agreement by and between Seller and Christopher Scangas ("**Scangas**"), subject to court approval and overbid hearing ("**Scangas Agreement**").

WHEREAS, Seller conducted the overbid hearing on September 13, 2007 at the Bankruptcy Court and Buyer is the bankruptcy court approved successful bidder of the Assets and, as a result, this Agreement shall become the primary Agreement for purchase and sale of the Assets and shall be fully binding on the parties hereto, subject to the terms hereof.

WHEREAS, subject to the terms and conditions of this Agreement, Seller desires to enter into an over bid asset purchase agreement with Buyer, and Buyer desires to purchase from Seller all rights, title and interest owned by SurgiFile in the Assets (as defined below).

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, OF THE REPRESENTATIONS, WARRANTIES, COVENANTS AND MUTUAL AGREEMENTS HEREINAFTER CONTAINED, AND OF OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

ARTICLE I. DEFINITIONS

The terms defined in this **Article I**, whenever used herein (including without limitation the Exhibits hereto), shall have the following meanings for all purposes of this Agreement:

"Auction" means the auction to be conducted by the Bankruptcy Court pursuant to Article 6.1.

"Bankruptcy Code" means 11 U.S.C. §§ 101 et seq.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of California.

"Bankruptcy Court Order" means an order of the Bankruptcy Court approving this Agreement and authorizing, pursuant to all applicable sections of the Bankruptcy Code, all of the transactions and agreements contemplated hereby.

"Books and Records" means all Permits, files, documents, instruments, papers, promotional material, books and records in the possession of and owned by Seller on the Closing Date to the extent they relate exclusively to the Business, including any pre-clinical data, research and clinical studies and reports and other research grant files and information, product data, pricing lists, customer lists, vendor lists, financial data, documentation relating to the Intellectual Property, scientific notebooks, grant applications and related files and documentation, regulatory files and notes, and related correspondence, and correspondence with Seller's regulatory legal counsel, but excluding any such items to the extent that (i) any applicable law prohibits their transfer, (ii) any transfer thereof by Seller would constitute a material contractual violation, or (iii) possession of such items is reasonably necessary to the administration of the affairs of the Estate of SurgiFile, Inc. Records reasonably necessary to the administration of the affairs of the Estate of SurgiFile, Inc. include, but are not limited to, tax records, financial statements and any documents necessary for administering avoidance powers.

"Business" means the worldwide business and market for research, development and marketing of the SurgiFile Instrument, including any and all goodwill related thereto.

"Closing" means the closing of the transactions contemplated by this Agreement.

"Closing Date" means on or before the eleventh day after the satisfaction or waiver of the conditions set forth in **Article VII** hereto, or such other date as the parties may mutually agree, upon which the Closing takes place.

"Know-How" means all data, technical information, trade secrets, inventions (other than inventions covered by the Patents) engineering drawings and prototypes now licensed or owned by or licensed to Seller to the extent they relate to the Business.

"Patent" means any and all patents identified in **Exhibit A** to this Agreement, to the extent owned by SurgiFile on the Closing Date, and any and all applications, provisional applications, continuations, continuations-in-part, divisions, reissues, revivals, extensions, patent disclosures, inventions or improvements thereto made prior to the Closing Date, as well as any foreign equivalents of such patents and applications as of the Closing Date.

"SurgiFile Instrument" means that certain shielded reciprocating surgical file (U.S. Application No. 11/258,841).

"Trademarks" means the trademarks identified in **Exhibit A** to this Agreement, to the extent owned by SurgiFile on the Closing Date.

ARTICLE II.
SALE AND PURCHASE OF ASSETS; CLOSING

2.1 Asset Purchase.

(a) Seller shall sell, transfer, convey, assign and deliver to Buyer in an "as-is" "where-is" condition, and Buyer shall purchase, acquire and accept from Seller, all of Seller's right, title and interest, as of the Closing, the following (the "Assets"):

 i) Intellectual Property: The Patents and Trademarks, as well as any valid copyrights, trade secrets, know-how and domain names, and any contract that relates to any of the foregoing, to the extent it relates to the Business and is owned by Seller on the Closing Date (the "Intellectual Property");

 ii) Data: All data, technical information, and records relating to the Intellectual Property, owned by the Seller on the Closing Date;

 iii) Books and Records: (as defined in Article I above);

 iv) Equipment: all equipment, machinery, appliances, inventory, and other material personal property owned by Seller on the Closing Date and used, or held for use in the Business; and

 v) Turnover Orders. All orders issued by the Bankruptcy Court compelling turnover of any Assets.

2.2 Excluded Assets.

Buyer shall not acquire any right, title or interest in any other assets or properties of the Seller (the "***Excluded Assets***"), including, but not limited to, the following assets and properties:

(a) all cash, cash equivalents, accounts receivable, notes, deposits and prepaid expenses of Seller relating to the Business;

(b) any claims that Seller may have against any of its respective current or former officers, directors, advisors and/or agents;

(c) any claims against third parties under the Bankruptcy Code or contracts of insurance;

(d) any books, records, files, customer lists, research and development files, records and laboratory books and credit records of customers if and to the extent Seller is required by law to retain such books, records, files or lists, or if and to the extent that such records, files or lists are reasonably necessary to the administration of the Estate of SurgiFile, Inc.; provided that Buyer shall be entitled to receive copies of any such items to the extent they relate to the Business, and to the extent that the provision of such copies is not otherwise prohibited by law;

(e) all contracts of insurance held by Seller; and

(f) any intellectual property which is not related to the Business.

2.3 Assumption of Liabilities.

Buyer shall not be liable for and is not assuming any liabilities of the Seller whatsoever, whether related or unrelated to the Business, other than liabilities of the Seller accruing or arising from and after the Closing and related to the Business.

2.4 Consideration.

(a) The purchase price (the "**Purchase Price**") shall be One Million Two Hundred and Five Thousand Dollars (\$1,205,000.00) payable as follows: (i) Buyer has paid Two Hundred Thousand Dollars (\$200,000) to Trustee as a deposit in order to participate in the bidding process; and (ii) the remaining balance of One Million and Five Thousand Dollars (\$1,005,000.00) shall be paid within eleven (11) days of entry of the Bankruptcy Court Order approving Buyer as the successful bidder of the Surgifile Assets;

(b) If Buyer fails to consummate this Agreement because of Buyer's default, Seller shall retain, as liquidated damages, the sums paid pursuant to 2.4(a)(i).

2.6 Closing Date.

The sale shall close on or after eleven (11) days from entry of the Bankruptcy Court Order, or as soon as is reasonably practicable thereafter.

2.7 Scangas Agreement.

The Scangas Agreement was entered into by Seller and Scangas on August 2, 2007. Buyer hereby acknowledges and agrees that this Agreement is expressly conditioned upon Buyer becoming the Bankruptcy Court approved successful bidder of the Surgifile Assets.

2.8 Sales and Use Tax.

Buyer shall be responsible for all sales and use taxes, if any, arising out of the sale of the Assets to Buyer pursuant to this Agreement. Buyer hereby waives compliance by Seller with the provisions of the bulk transfer laws of any state.

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF THE SELLER

SELLER IS SELLING THE ASSETS ON AN "AS IS" BASIS WITHOUT REPRESENTATION OR WARRANTY AS TO THE ASSETS OR THE BUSINESS, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR INFRINGEMENT OF THIRD PARTY RIGHTS, AND ALL SUCH WARRANTIES ARE EXPRESSLY DISCLAIMED.

BUYER ACKNOWLEDGES AND UNDERSTANDS THAT SELLER IS SELLING THE ASSETS AS BANKRUPTCY TRUSTEE AND IS THEREFORE EXEMPT FROM DISCLOSURE REQUIREMENTS. NO REPRESENTATIONS OR DISCLOSURES HAVE BEEN OR SHALL BE PROVIDED BY SELLER.

SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE ASSETS. BUYER ACKNOWLEDGES THAT SELLER HAS PROVIDED ALL RECORDS AND DOCUMENTS IN HIS POSSESSION THAT HAVE BEEN REQUESTED BY BUYER AND THAT BUYER IS FAMILIAR WITH THE ASSETS AND HAS CONDUCTED SUCH INVESTIGATION OF THE ASSETS AS BUYER HAS DEEMED NECESSARY AND APPROPRIATE. BUYER ACKNOWLEDGES THAT SELLER MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACCURACY OR THE RELIABILITY OF THE INFORMATION CONTAINED IN THE BOOKS AND RECORDS OF SURGIFILE, AND BUYER ACKNOWLEDGES THAT SELLER HAS NOT UNDERTAKEN AN INDEPENDENT VERIFICATION OF THE INFORMATION CONTAINED IN SUCH RECORDS.

Notwithstanding the foregoing, Seller represents as follows:

3.1 Authority.

(a) Subject to Bankruptcy Court approval, Seller has all requisite power and authority to execute and deliver this Agreement and to perform, carry out and consummate the transfers and transactions contemplated hereby.

**ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as follows:

4.1 Organization and Qualification.

Buyer intends to create a limited liability corporation duly organized, validly existing and in good standing in the State of Delaware, with corporate power and authority to own, lease and operate its assets and properties and carry on its business. Buyer is or will be licensed or qualified to transact business and is or will be in good standing as a foreign corporation in each jurisdiction in which, because of its business conducted there or the nature of its assets or properties there, it would be required to be so licensed or qualified.

4.2 Authority.

(a) Buyer has all requisite power and authority to execute and deliver this Agreement and to perform, carry out and consummate the transactions contemplated hereby.

4.3 Financing.

Buyer will have funds sufficient to pay the Purchase Price on or before the Closing Date.

4.5 Finders.

Buyer has not taken any action that, directly or indirectly, would obligate Seller to anyone acting as broker, finder, financial advisor or in any similar capacity in connection with this Agreement or any of the transactions contemplated hereby.

ARTICLE V. COVENANTS

5.1 Further Assurances; Cooperation.

The parties shall execute and deliver such additional instruments and documents, as any party hereto may reasonably request to consummate the transfers and other transactions contemplated hereby, including but not limited to any transfers or assignments of any Intellectual Property or related transfer documents for any assets purchased or licensed hereunder, and other assignment or related documents that may be required to revive any Patents under this Agreement.

5.2 Regulatory Matters.

From and after the Closing Date, Buyer, at its cost, shall be solely responsible and liable for taking all actions, paying all fees and conducting all communication with the appropriate governmental or regulatory authority, with respect to the Patents and/or any other Intellectual Property.

ARTICLE VI. ACTIONS PRIOR TO THE CLOSING DATE

6.1 Auction, Bankruptcy Court Approval and Overbid.

This Agreement, and the Closing, are subject to entry of an order by the Bankruptcy Court approving this sale free and clear of liens, claims and interests in accordance with 11 USC section 363(f). Seller shall file the motion with the Bankruptcy Court to approve this Agreement. The motion will provide that the sale will be subject to overbid auction (the "Auction") with a minimum overbid amount of One Million One Hundred Thousand Dollars (\$1,100,000) and minimum increments thereafter of Five Thousand Dollars (\$5,000). Seller shall also seek a determination of the Bankruptcy Court that the Buyer is a good faith purchaser pursuant to 11 U.S.C. § 363(m).

ARTICLE VII. CONDITIONS TO CLOSING

7.1 Conditions Precedent to Obligations of Buyer.

The obligation of Buyer under this Agreement to consummate the transactions contemplated by this Agreement on the Closing Date shall be subject to the satisfaction of all of the following conditions, any one or more of which may be waived by the Buyer:

(a) Representations and Warranties Accurate.

The representations of the Seller contained in this Agreement shall be true and correct in all respects.

(b) Performance by the Seller.

The Seller shall have performed and complied in all material respects with all covenants and actions required under this Agreement.

(c) Bankruptcy Court Order.

The Bankruptcy Court Order shall have been obtained and no stay of the Bankruptcy Court Order shall be in place.

7.2 Conditions Precedent to Obligations of the Seller.

The obligations of the Seller under this Agreement to consummate the transactions contemplated by this Agreement on the Closing Date shall be subject to the satisfaction of all of the following conditions, any one or more of which may be waived by the Seller:

(a) Representations and Warranties Accurate.

The representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects.

(b) Performance by Buyer.

Buyer shall have performed and complied in all material respects with all covenants and actions required under this Agreement, including payment in full of the Purchase Price.

(c) Bankruptcy Court Order.

The Bankruptcy Court Order shall have been entered and shall be in full force and effect, with no stay of the Bankruptcy Court Order in place, and all conditions, if any, set forth in the Bankruptcy Court Order to consummate the transactions contemplated hereby shall have been satisfied or waived.

**ARTICLE VIII.
TERMINATION**

8.1 Termination.

Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

(a) By the mutual consent of Buyer and Seller;

(b) By Buyer or Seller if the Closing shall not have occurred within one hundred twenty (120) days after entry of the Bankruptcy Court Order;

(c) By Buyer in the event of any material breach by Seller of any representations contained herein and the failure of Seller to cure such breach within ten (10) days after receipt of written notice from Buyer requesting such breach to be cured;

(d) By Seller in the event of the failure to consummate the Agreement by Buyer and/or any material breach by Buyer of any representations or warranties contained herein and the failure of Buyer to cure such breach within ten (10) days after receipt of written notice from Seller requesting such breach to be cured; or

8.2 Effect of Termination.

(a) In the event that this Agreement shall be terminated pursuant to this **Article VIII**, all further obligations of the parties under this Agreement shall be terminated without further liability of any party to the other, provided that nothing herein shall relieve any party from liability for its willful breach of this Agreement.

(b) As provided in **Section 2.4(b)** and notwithstanding **Section 8.2(a)**, in the event this Agreement is terminated pursuant to **Section 8.1(d)**, Seller shall be entitled to retain Two Hundred Thousand Dollars (\$200,000) paid to Seller by Buyer pursuant to **Section 2.4(a)(i)**; provided, however, that Seller may alternatively elect to compel Buyer to complete the transactions contemplated by this Agreement.

ARTICLE IX. MISCELLANEOUS

9.1 Expenses.

Except as provided herein, each party hereto shall pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby.

9.2 Amendment.

This Agreement may not be modified, amended, altered or supplemented except by a written agreement executed by Buyer and Seller.

9.3 Entire Agreement.

This Agreement, together with the Exhibits hereto and the instruments and other documents delivered pursuant to this Agreement, contains the entire agreement of the parties relating to the subject matter hereof, and supersedes all prior agreements, understandings, representations, warranties and covenants of any kind between the parties relating to the Assets.

9.4 Attorneys' Fees and Costs.

In the event any attorneys' fees or costs are incurred by one party for the enforcement of this Agreement, including those incurred in any legal action or other proceeding because of the breach or default of the other party in connection with any provision of this Agreement, the successful or prevailing party shall be entitled to recover actual attorneys' fees and other costs incurred, in addition to any relief to which that party may be entitled.

9.5 Waivers.

Waiver by any party of any breach of or failure to comply with any provision of this Agreement by the other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement. No waiver of any such breach or failure or of any term or condition of this Agreement shall be effective unless in a written notice signed by the waiving party and delivered, in the manner required for notices generally, to each affected party.

9.6 Notices.

All notices and other communications hereunder shall be validly given or made in writing, (i) when delivered personally (by courier service or otherwise), (ii) when sent by facsimile with answer back confirmation, (iii) when actually received if mailed by first-class certified or registered United States mail, postage-prepaid and return receipt requested or (iii) two (2) days after mailing when delivered by recognized overnight courier, postage-prepaid, and all legal process with regard hereto shall be validly served when served in accordance with applicable law, in each case to the address of the party to receive such notice or other communication set forth below, or at such other address as any party hereto may from time to time advise the other parties pursuant to this Subsection:

If to Buyer:

SurgiTech, LLC
c/o Michael Sinsheimer
1723 Beverly Drive
Charlotte, N.C. 28207
Phone: (704) 333-7110
Fax: (704) 333-7110
E-mail: msinsheimer@carolina.rr.com

with a copy to:

Martin A. Eliopoulos, Esq.
Higgs, Fletcher & Mack LLP
401 West "A" Street, Suite 2600
San Diego, CA 92101
Phone: (619) 236-1551
Fax: (619) 696-1410
E-mail: elio@higgsllaw.com

If to the Seller:

Richard Kipperman
P.O. Box 3939
La Mesa, CA 91944

Phone: (619) 668-4500
Fax: (619) 668-9014

E-mail: rmk@corpmgt.com

with a copy to:

Leslie Gladstone, Esq.
Financial Law Group
5580 La Jolla Blvd, #613
La Jolla, CA 92037

Phone: (858) 454-9887
Fax: (858) 454-9596

E-mail: leslieg@san.rr.com

9.7 Counterparts.

This Agreement may be executed in two (2) or more counterparts and by facsimile, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

9.8 Governing Law.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of California except where jurisdiction of the Bankruptcy Court may preempt or control. Any and all disputes shall be filed in and heard in the United States Bankruptcy Court and no other tribunal.

9.9 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and any such provision, to the extent invalid or unenforceable, shall be replaced by a valid and enforceable provision which comes closest to the intention of the parties underlying such invalid or unenforceable provision.

9.10 Headings.

The headings contained in this Agreement are for reference purposes only and shall not modify, define, limit, expand or otherwise affect in any way the meaning or interpretation of this Agreement.

9.11 No Agency.

No party hereto shall be deemed hereunder to be an agent of, or partner or joint venturer with, any other party hereto.

9.13 Exhibits and Other Agreements.

The Exhibits, other documents and notices specifically referred to herein, and delivered pursuant hereto, are an integral part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

BUYER:
SURGITECH, LLC

By: _____
Name: Michael Sinsheimer
Title: Manager

SELLER:
ESTATE OF SURGIFILE, INC.

By: _____
Name: Richard M Kipperman
Title: solely as Trustee

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